

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re) Chapter 7
)
SCOTT D. LADANY,) Case No. 16-39387
)
Debtor.) Hon. A. Benjamin Goldgar
)
) Date: February 1, 2019
) Time: 1:00 a.m.

NOTICE OF MOTION

To: See Attached Service List

PLEASE TAKE NOTICE that on **February 1, 2019 at 1:00 p.m.** or as soon thereafter as counsel may be heard, the undersigned will appear before the Hon. A. Benjamin Goldgar or such other judge as may be sitting in his stead, in Courtroom B, Park City Branch Court, 301 S. Greenleaf Avenue, Park City, Illinois 60085, and shall then and there present the attached **SECOND AND FINAL APPLICATION OF SAUL EWING ARNSTEIN & LEHR LLP FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**, at which time and place you may appear as you see fit.

Dated: January 11, 2019

SAUL EWING ARNSTEIN & LEHR LLP

By: /s/ Kevin H. Morse
One of Its Attorneys

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CERTIFICATE OF SERVICE

I, Kevin H. Morse, an attorney, certify that I caused a copy of the attached Notice of Motion and Application to be served on the parties listed on the attached Service List, via the Court's ECF system and via First Class U.S. Mail, as indicated, on January 11, 2019.

/s/ Kevin H. Morse.

SERVICE LIST

Via First Class U.S. Mail:

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American Express Travel Related Services Company, Inc.
c/o Becket and Lee LLP
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Malvern, PA 19355-0701

Ford Motor Credit Company LLC
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Colorado Springs, CO 80962

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**SECOND AND FINAL APPLICATION OF SAUL EWING ARNSTEIN & LEHR LLP
FOR COMPENSATION AND REIMBURSEMENT FOR EXPENSES FOR
PERIOD SEPTEMBER 1, 2017 THROUGH JANUARY 7, 2019**

Saul Ewing Arnstein & Lehr LLP (“SEA&L”),¹ counsel for Ilene F. Goldstein, not individually but solely in her capacity as Chapter 7 Trustee for the estate of Scott D. Ladany (the “Trustee”), pursuant to 11 U.S.C. §§ 330, 331, and 503(b)(2), applies to this Court for the entry of an order (a) allowing and authorizing the Trustee to pay compensation to SEA&L in the amount of \$43,779.50 for legal services rendered during the period from September 1, 2017 through January 7, 2019 (the “Second Application Period”) and reimbursement to SEA&L in the amount of \$122.67 for expenses incurred in connection with such services (the “Application”) and (b) approval on a final basis of all fees and expenses, including those previously awarded, for the period from March 13, 2017 through January 7, 2019 (the “Final Application Period”), in the amount of \$98,720.75 for legal services rendered and \$756.66 for expenses incurred in connection with such services. In support thereof, SEA&L respectfully states as follows:

¹ On September 1, 2017, Arnstein & Lehr LLP combined with Philadelphia-based Saul Ewing LLP to form Saul Ewing Arnstein & Lehr LLP. On September 19, 2017, SEA&L filed the Supplemental Declaration of Barry A. Chatz [Docket No. 97] confirming that SEA&L remains disinterested pursuant to section 327 of the Bankruptcy Code.

BACKGROUND

1. On December 14, 2016 (the “Petition Date”), Scott D. Ladany (the “Debtor”) filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code. That same day, Ilene F. Goldstein was appointed Chapter 7 Trustee of the Debtor’s estate.

2. On March 14, 2017, the Trustee filed an application for authority to retain and employ SEA&L as her counsel (the “Employment Application”) [Docket No. 48]. The Employment Application requested the Court’s approval for SEA&L to render services to the Trustee including: (1) providing legal advice with respect to the Debtor’s assets, transfer of assets, and administration of the estate; and (2) investigating and pursuing any preferential or fraudulent transfers made by the Debtor. On March 17, 2017, the Court entered an order granting the Employment Application and authorizing SEA&L’s employment retroactively to March 13, 2017 [Docket No. 52].

3. On September 29, 2017, SEA&L filed its *First Interim Application for Compensation and Reimbursement of Expenses* [Docket No. 102] (the “First Interim Application”). On November 17, 2017, an order granting the First Interim Application was entered [Docket No. 114] and the Court allowed \$54,941.25 in fees and \$633.99 in reimbursement of expenses.

A. Pre-Petition Background

4. The Debtor is the grandson of the founder of Vienna Beef, a prominent Chicago hot dog company. In the 1980’s, the Debtor left and sold his 10% interest in Vienna Beef to found Red Hot Chicago as a competitor to his family’s business. As part of the settlement of a lawsuit filed in 2011, Vienna Beef acquired Red Hot Chicago and the Debtor received a 2% ownership interest in Vienna Beef.

5. The Debtor is connected to numerous trusts holding significant assets. Second, on September 2, 2005, the Debtor executed a trust agreement establishing the Scott David Ladany Trust (the “2005 Trust”) with himself as trustee.

B. Events in the Bankruptcy Case

6. On January 13, 2017, the Debtor’s section 341 meeting of creditors was held for the Second time. The Debtor’s section 341 meeting was continued several times and eventually concluded on June 15, 2017.

7. On January 31, 2017, the Debtor filed a Motion to Compel Abandonment of the Child Exempt Trust [Docket No. 28] (the “Abandonment Motion”). On April 13, 2017, while the Abandonment Motion remained pending and subject to ongoing negotiations between the Debtor and the Trustee, the Court entered an order authorizing the payment of certain taxes related to the Child Exempt Trust. On June 19, 2017, September 11, 2017, April 5, 2018, and June 6, 2018, the Court entered agreed orders further authorizing the payment of certain taxes related to the Child Exempt Trust. The Abandonment Motion was withdrawn on June 15, 2018.

8. On February 28, 2017, the Trustee filed an Initial Report of Assets. On March 1, 2017, the claims bar date was set for June 1, 2017.

9. On March 6, 2017, the U.S. Trustee filed a motion for authority to conduct a Rule 2004 examination of the Debtor [Docket No. 42]. On March 17, 2017, the Court granted the U.S. Trustee’s Rule 2004 motion [Docket No. 54].

10. On April 21, 2017, the Trustee filed her own motion for authority to conduct a Rule 2004 examination of: (1) JPMorgan Chase & Co.; (2) J.P. Morgan Securities LLC; (3) Morgan Stanley Smith Barney LLC; (4) the Exempt Child Trust; (5) Chubb Group of Insurance; (6) Robert Kramer & Associates; (7) Vienna Beef Ltd.; and (8) Columbus Plaza Venture LLC

[Docket No. 57]. On April 28, 2017, the Trustee's Rule 2004 motion was granted [Docket No. 59].

11. Thereafter, the Trustee obtained extensive documentation of the Debtor's assets, liabilities, and financial affairs including, *inter alia*, bank account and brokerage account statements, checks, loan applications, tax returns, life insurance policies, wills, trust documents, and various written correspondence.

12. On August 31, 2017, the Trustee filed a motion (the "Turnover Motion") seeking the turnover of: (1) additional documents from the Debtor relating to certain entries made on the Debtor's schedules and statement of financial affairs; and (2) the Debtor's 2016 tax return and any related tax refunds [Docket No. 90]. On September 8, 2017, the Turnover Motion was granted [Docket No. 93].

13. Following the conclusion of her document review and examinations, the Trustee recovered \$567,784.66 (the "Recovered Proceeds") to date, consisting of (1) \$410,566.65 from Ladany's personal brokerage accounts at Morgan Stanley Bank; (2) \$77,665.00 from the Internal Revenue Service on account of Ladany's federal tax refund; (3) \$12,145.00 from the Illinois Department of Revenue on account of Ladany's state tax refund; and (4) \$67,408.01 in partnership distributions on account of Ladany's partnership interest in Columbus Plaza Venture LLLP (the "CPV Partnership Interest"). Further, on October 24, 2018, the Trustee filed a motion (the "Sale Motion") for approval of the sale of the CPV Partnership Interest for \$82,000.00, which amount was subsequently increased to \$95,000.00 through overbids (the "CPV Proceeds," and collectively with the Recovered Proceeds, the "Estate Proceeds"). On November 16, 2018, the Court entered an order granting the Sale Motion [Docket No. 185]. The sale of the CPV Partnership Interest has closed.

14. During the Second Application Period, the Trustee and the Debtor negotiated in good faith and agreed to enter into a settlement agreement (the “Settlement Agreement”), which contemplated a global settlement of outstanding issues, including with respect to Debtor’s exemptions and dischargeability of debt. On October 26, 2018, the Trustee filed her *Motion to Approve Settlement Agreement with Scott Ladany* [Docket No. 170] (the “Settlement Motion”). The Trustee agreed to release all claims against the Debtor in exchange for a one-time payment of \$837,215.34 (the “Settlement Payment”), with mutual releases as set forth in the Settlement Agreement. The \$899,346.41 Settlement Payment, together with the Estate Proceeds will result in the Debtor’s estate receiving a total recovery of \$1,500,000.00. On November 16, 2018, the Court entered an order granting the Settlement Motion [Docket No. 184]. The Trustee has received the Settlement Payment and is taking the steps necessary to issue a final report and administer the estate.

RELIEF REQUESTED

15. SEA&L requests the entry of an order: (a) allowing and authorizing the Trustee to pay compensation to SEA&L in the amount of \$43,779.50 for legal services rendered during the Second Application Period and reimbursement to SEA&L in the amount of \$122.67 for expenses incurred in connection with such services and (b) approval on a final basis of all fees and expenses, including those previously awarded, for the Final Application Period, in the amount of \$98,720.75 for legal services rendered and \$756.66 for expenses incurred in connection with such services.

NARRATIVE SUMMARY OF SERVICES

16. A narrative summary of the services rendered by SEA&L during the period the Second Application Period is set forth below. Itemized and detailed descriptions of the specific

services rendered by SEA&L to the Trustee during this period are reflected on the billing statements attached hereto as **Exhibit A**. The billing statements set forth the name of each attorney or paralegal, the amount of time expended rendering each service, the date on which each service was rendered, a description of the service rendered and the total number of hours rendered by each attorney or paralegal in each category.

17. The services rendered by SEA&L during the Second Application Period have been segregated into four categories as follows: (A) General; (B) Litigation; (C) Disposition of Assets; and (D) Fee Applications.

18. The fees sought by SEA&L during the Second Application Period for each of the billing categories are summarize as follows:

<u>TITLE OF CATEGORY</u>	<u>AMOUNT SOUGHT</u>
General	\$16,800.00
Litigation	\$9,291.00
Disposition of Assets	\$11,960.00
Fee Applications	\$6,061.50
TOTAL FEES	\$43,779.50

19. A list of the attorneys and paralegals rendering services, their position and practice area, aggregate hours of services rendered for which compensation is sought and hourly rate is as follows:

Professional	Practice Area	Hours	Hourly Rate	Total
Barry A. Chatz (“BAC”)	Bankruptcy	1.4	\$595.00	\$833.00
Kevin H. Morse (“KHM”)	Bankruptcy	65.1	\$400.00	\$26,040.00
Kevin H. Morse (“KHM”)	Bankruptcy (Travel)	2.9	\$200.00	\$580.00
Sean P. Williams (“SPW”)	Bankruptcy	31.3	\$315.00	\$9,859.50
Sean P. Williams (“SPW”)	Bankruptcy	2.8	\$335.00	\$938.00
William A. Williams (“WAW”)	Bankruptcy	19.4	\$285.00	\$5,529.00
	TOTAL:	122.9		\$43,779.50
	Blended Rate:			\$356.22

20. The hourly rates listed above are customary and reasonable and are within the range of hourly rates charged to other clients.

21. The tasks performed by SEA&L in each of the billing categories are set forth in **Exhibit A** and summarized as follows:

General

This category includes, *inter alia*: work done that encompasses more than one discrete category; travel time to hearings in Lake County, Illinois; the drafting of multiple motions to extend time to object to discharge and exemptions; multiple correspondence relating to the sale of the CPV Interest; and correspondence with the Debtor’s counsel and U.S. Trustee’s office concerning the Settlement Agreement. SEA&L spent 45.9 hours of attorney time on the foregoing services having a lode star value of \$16,800.00 for which SEA&L is seeking compensation summarized as follows:

General				
Professional	Practice	Hours	Hourly Rate	Compensation Sought
BAC	Bankruptcy	0.4	\$595.00	\$238.00
KHM	Bankruptcy	31.4	\$400.00	\$12,560.00
KHM	Non-Working Travel	2.9	\$200.00	\$580.00
SPW	Bankruptcy	5.0	\$315.00	\$1,575.00
SPW	Bankruptcy	1.6	\$335.00	\$536.00
WAW	Bankruptcy	4.6	\$285.00	\$1,311.00
Total		45.9		\$16,800.00

Litigation:

This category includes, *inter alia*: research regarding potential causes of action against the Debtor in the event a global settlement did not materialize; reviewing the claims register in preparation for settlement discussions; drafting the global Settlement Agreement; correspondence with Debtor's counsel regarding the Settlement Agreement; drafting the Settlement Motion; and finalization of the settlement. SEA&L spent 26.4 hours of attorney time on the foregoing services having a lode star value of \$9,291.00 for which SEA&L is seeking compensation, summarized as follows:

Litigation				
Professional	Practice	Hours	Hourly Rate	Compensation Sought
KHM	Bankruptcy	12.6	\$400.00	\$5,040.00
SPW	Bankruptcy	10.6	\$315.00	\$3,339.00
WAW	Bankruptcy	3.2	\$285.00	\$912.00
Total		26.4		\$9,291.00

Disposition of Assets

This category includes, *inter alia*: correspondence with Columbus Plaza Venture LLLP ("CPV"); reviewing documents produced by CPV related to restrictions on the sale of the CPV Interest; drafting the Sale Motion and related orders and notices; drafting non-disclosure agreements and corresponding with interested parties regarding the CPV Interest; appearing in court on the Sale Motion; and finalizing the sale of the CPV Interest. SEA&L spent 31.6 hours of attorney time on the foregoing services having a lode star value of \$11,627.00 for which SEA&L is seeking compensation, summarized as follows:

Disposition of Assets				
Professional	Practice	Hours	Hourly Rate	Compensation Sought
BAC	Bankruptcy	1.0	\$595.00	\$595.00
KHM	Bankruptcy	17.8	\$400.00	\$7,120.00
SPW	Bankruptcy	8.8	\$315.00	\$2,772.00
WAW	Bankruptcy	4.0	\$285.00	\$1,140.00
Total		31.6		\$11,627.00

Fee Applications:

This category includes, *inter alia*: drafting the First Interim Application, this Application, reviewing invoices for privilege, and draft related documents required under the Local Rules and the Bankruptcy Code. SEA&L spent 19.0 hours of attorney time on the foregoing services having a lode star value of \$6,061.50 for which SEA&L is seeking compensation, summarized as follows:

Fee Applications				
Professional	Practice	Hours	Hourly Rate	Compensation Sought
KHM	Bankruptcy	3.3	\$400.00	\$1,320.00
SPW	Bankruptcy	6.9	\$315.00	\$2,173.50
SPW^	Bankruptcy	1.2	\$335.00	\$402.00
WAW	Bankruptcy	7.6	\$285.00	\$2,166.00
Total		19.0		\$6,061.50

Expenses

22. SEA&L incurred expenses in the amount of \$122.67 during the Second Application Period in connection with its representation of the Trustee.

<u>Expense Category</u>	<u>Cost:</u>
Postage	\$17.92
Messenger Service	\$34.03
Federal Express	\$37.80
UPS	\$32.92
Total	\$122.67

23. SEA&L respectfully submits that the fees and expense reimbursement sought herein are reasonable given the nature, extent and value of the services rendered, the quality and skill which the situation required, the costs of comparable services in other cases under Chapter 7, and that the time has been fairly and properly expended. When two or more professionals participated in any activity, such joint participation was necessary as a result of either the

complexity of the problems involved or the need to familiarize each professional with the matters at issue so that each professional could perform further necessary work.

NOTICE

24. Rule 2002(h) of the Federal Rules of Bankruptcy Procedure provides that “after 90 days following the first date set for the meeting of creditors under § 341 of the Code, the court may direct that all notices” be sent to only a few limited parties. The § 341 meeting was held on June 15, 2017, greater than ninety days ago. Thus, pursuant to Bankruptcy Rule 2002(h), SEA&L requests that this Court limit notice of this Application to the Debtor and all creditors that have filed a proof of claim. Additionally, a copy of the Application has been sent to Debtor’s counsel and all parties entitled to electronic notice, including the United States Trustee.

WHEREFORE, Saul Ewing Arnstein & Lehr LLP respectfully requests that the Court enter an order:

- a. Allowing compensation to SEA&L in the amount of \$43,779.50 and reimbursement of expenses to SEA&L in the amount of \$122.67 for the Second Application Period;
- b. Authorizing the Trustee to pay SEA&L \$43,779.50 for legal services and \$122.67 for the reimbursement of expenses during Second Application Period;
- c. Approving, on a final basis, compensation in the amount of in the amount of \$98,720.75 for legal services rendered and \$756.66 for expenses incurred in connection with such services for the Final Application Period;
- d. Limiting notice under Bankruptcy Rule 2002(h); and
- e. Granting such other and further relief as the Court deems just and proper.

Dated: January 11, 2019

Respectfully submitted,

SAUL EWING ARNSTEIN & LEHR LLP

By: /s/ Kevin H. Morse

One of Its Attorneys

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